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ABSTRACT

The booklet identifies consumer skills which a committee of the Michigan Consumers Council believes are essential for students to master prior to graduation from high school. The purpose of the document is to give direction to school districts and teachers on which consumer education skills are needed. The booklet does not contain teaching methods for consumer education nor does it advise in which discipline the topic should be taught. Skills are listed in eight categories: selecting products and services, perceiving the influence of advertising, buying on credit, understanding economics, making money work (in real estate, investments, and insurance), recognizing rip-offs, understanding health and nutrition, and seeking help from the government. The skills are defined in terms of actions, such as "Identify when to borrow or rent a product rather than buy it," "Differentiate between the six types of homeowners' insurance policies," and "Explain the procedure for filing a claim in small claims court." (AV)

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Michigan Consumer Education Skills

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Reproduction of the Consumer Education Skills is encouraged. We ask, however, that credit be given to the Ad Hoc Committee on Consumer Education.

The volume of complaints received by consumer protection agencies suggests many consumers lack the basic skills necessary to function successfully in today's complex marketplace. Although consumer education is widely discussed, the quality of consumer education available in Michigan is often insufficient in providing students with marketplace skills.

As professionals in business, labor, education and consumer affairs, we recognize the need for consumer education. Therefore, the Ad Hoc Committee on Consumer Education was formed to set forth those consumer skills we believe are essential for students to have mastered prior to graduation from high school. Each skill had to receive the unanimous approval of the Committee before it was included in the Consumer Education Skills. The list of skills encompasses a variety of subjects including economics, credit, advertising, investments, shopping behavior, health care, frauds and swindles, and government protection.

It is not the Committee's intention to advise school districts on the methods for teaching consumer education nor is it our purpose to advise in which discipline consumer education should be taught. Our sole objective is to give direction to school districts and teachers on which skills are needed. We believe students armed with this knowledge will be able to improve the quality of their own lives as well as the quality of the marketplace.

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SELECTING PRODUCTS AND SERVICES

Upon graduation students should be able to:

Identify several ways in which a person develops a desire to purchase a product including real need, peer pressure, advertising inducement, and impulse

Differentiate between products which call for systematic review in their selection and those which do not need such careful consideration

Identify product characteristics to consider when making a purchase (style, safety, etc.)

Identify the terms of a product's warranty or guarantee

Identify the consumer's responsibilities to the seller

Identify a store's approval, credit, warranty and return policies before making a purchasing decision

Define what "as is" means

Identify when to bargain with a dealer

Identify when to borrow or rent a product rather than buy it

Identify when a consumer should repair a product rather than employ someone else to repair it

Explain some guidelines to follow in selecting a professional person such as a doctor, dentist or lawyer

Identify the relative advantages and disadvantages of shopping at a chain store

Identify the advantages and disadvantages of shopping at a secondhand store

Identify the advantages and disadvantages of shopping at a small independent store

List alternate markets (farmers markets, co-ops, etc.)

Identify when to purchase a product (seasonal products, annual sales, etc.)

Compute the unit price of a product

Explain how unit pricing can help consumers in making a purchasing decision

THE INFLUENCE OF ADVERTISING

Upon graduation students should be able to:

Identify relevant information in contrast to image-building information in an advertisement

Identify the types of appeals used in advertising to influence consumers

Define subliminal message

Explain the major principles incorporated into selected mass media advertisements

Explain the purpose of corrective advertising

Identify effective defense mechanisms to avoid being unduly influenced

Identify the major strategies used by door-to-door salespeople

Explain the consumer protection aspects of the state and federal door-to-door sales act

Define what a loss-leader item is

Analyze the use of legitimate promotional techniques vs. a strings attached sales gimmick

Differentiate between bait and switch advertising and trading up

Explain where a person can obtain the address of a company

List alternatives to advertising for obtaining information about a product or service

Identify where to get information on the use and care of a product

Demonstrate how to read and evaluate a label for product information

Explain the purpose of warranties

Explain how to effectively complain about a product or business

Identify who to contact at a business regarding a complaint

Identify who to contact concerning a possibly hazardous product

Explain the impact of hoarding

BUYING ON CREDIT

Upon graduation students should be able to:

Differentiate between the following types of lenders:

a. banks
b. savings and loan associations
c. credit unions
d. small loan companies
e. retailers
f. national credit card companies
g. loan sharks

Identify additional companies which offer credit (automotive lending institutions, insurance companies, etc.)

Explain the function of collateral

Identify the two types of retail installment sales contracts:

a. held by a retailer
b. held by a holder-in-due-course

Identify consumer rights and responsibilities as outlined in the following federal and state legislation:

a. Fair Credit Reporting Act
b. Truth in Lending Act
c. Fair Credit Billing Act
d. Equal Credit Opportunity Act
e. Debt Collection Act
f. Holder-in-Due-Course
g. Debt Management Act

Explain how to establish credit

Identify the type of information asked for in a credit application

Complete a credit application

Identify the advantages and disadvantages of various types of credit cards including:

a. cost
b. penalties
c. when you can use them

Explain how to report a lost credit card

Explain consumers' rights upon losing a credit card

Identify the procedure for notifying creditors when a consumer can't make a bill payment

Compute from a given gross income what the disposable income is

Explain how a family financial plan is developed

Demonstrate how a family's expenditures can be reduced

Identify long- and short-term goals for saving

Identify methods of saving

Identify a savings plan suitable for reaching a long- or short-term goal

Identify the advantages and disadvantages of electronic funds transfer systems

Estimate utility costs

Identify the differences between profit and non-profit debt management companies

Explain when a person should consider filing for:

a. straight bankruptcy
b. a Wage Earner's Plan or Chapter 13 procedure

Explain the effects of bankruptcy

Identify when a wage assignment can be used against a consumer

Explain what repossession is

Explain what a deficiency balance is

Explain what foreclosure is

Explain what a judgment is

Explain what a lien is

Explain the procedure for garnishment of a person's wages

Explain the function of conciliation courts

Explain how to determine a person's debt load

Identify types of student loans which are available

Identify the responsibilities a person gains when reaching the age of majority

Differentiate between:

a. checking accounts
b. NOW accounts
c. share accounts
d. savings accounts

Explain what an overdraft privilege is

Explain the purpose of co-signing a loan

Explain the purpose of credit bureaus

Explain the purpose of collection agencies

Identify methods of computing interest

Define the purpose of credit life insurance

Define the purpose of credit disability insurance

Explain what a second mortgage is

Identify the advantages and disadvantages of obtaining a loan by mail

Explain the advantages and disadvantages of direct and indirect loans

Compute the interest on a credit purchase

UNDERSTANDING ECONOMICS

Upon graduation students should be able to:

Explain what an economic system is

Differentiate between planned market and mixed economies and their effects on consumers

Explain the relationship between supply and demand

Explain how prices are determined

Explain how competition affects prices

Identify and explain the major factors controlling the United States economy

Explain the purpose and the possible effects of tight and easy monetary policies

Explain what can happen when the market system doesn't work properly

Differentiate between profit making and non-profit making organizations and non-profit government organizations

Identify the advantages and disadvantages of buying from a small business vs. a large business

Identify the advantages and disadvantages associated with a corporation, partnership and sole proprietorship

Explain what can happen when natural resources are abused

Explain the purpose of research and development

Explain the function and use of profit

Explain how a business's gross profit and net profit are determined

Differentiate between direct and indirect taxes

Explain how a business may distribute the cost of taxes

Explain the concept of revenue sharing

Explain the purpose of government intervention in business:

a. anti-trust laws
b. environmental laws
c. consumer laws
d. other types of regulations

Demonstrate how to read an entire newspaper for economic implications

Complete an income tax form

Explain the factors associated with:

a. depression
b. recession
c. inflation

Define the following:

a. national debt
b. fiscal year
c. gross national product
d. prime interest rate

MAKING MONEY WORK

Real Estate

Upon graduation students should be able to:

Explain tenant and landlord rights and responsibilities as outlined in Michigan's:

a. Landlord-Tenant Act
b. Unlawful Evictions Act

Explain the advantages and disadvantages of renting vs. buying a house

List the probable costs involved in selling a house

Identify the types of financing available for buying a house

Estimate the annual cost of maintaining a home

Explain the role of a broker, real estate agent, attorney and title insurance company in:

a. purchasing a house
b. selling a house

Explain the advantages and disadvantages of purchasing a mobile home

Differentiate between co-ops and condominiums

Identify the advantages and disadvantages of selling and purchasing a home on a land contract

Define the role of private insured mortgagors

Explain the purpose of mechanics liens and their effect on consumers

Differentiate between assessed valuation and equalized valuation

Identify how many acres are in a section

Identify the size of an acre

Demonstrate how to read and identify a property's legal description

Explain the purpose and consequences of redlining

Explain eminent domain/condemnation and its effect on consumers

Explain the procedure for foreclosure and consumer rights under it

Investments

Upon graduation students should be able to:

Define the following as they relate to financial investment:

a. risk
b. return
c. yield

Identify the advantages and disadvantages of time deposit accounts

Identify types of savings accounts

Compare and contrast the following information between financial institutions:

a. types of accounts
b. interest rates
c. services

Identify various restrictions placed on financial institutions

Identify the advantages and disadvantages of investing in the following:

a. U.S. savings bonds
b. stocks
c. bonds
d. mutual funds
e. annuities
f. real estate

Explain the underlying reasons for the government offering tax shelters

Give an example of the type of investment suited for the following purposes:

a. long-term benefits
b. short-term benefits
c. tax-deferred benefits

Identify the benefits and pitfalls of hobby investments

Explain the purpose of pensions

Define escheat

Explain the purpose of wills and trusts and how each is established

Insurance

Upon graduation students should be able to:

Define insurance

Identify factors to consider when selecting an insurance company and policy

Explain the principles of risk management

Explain the concept of no-fault automobile insurance

List the coverages required under no-fault

Explain what coverages can be increased or decreased under no-fault

Differentiate between the six types of homeowners insurance policies

Explain why companies do not want to insure certain types of risks

Differentiate between property and liability coverage

Differentiate between various types of health insurance policies

a. hospital
b. surgical
c. regular medical
d. major medical

Explain the purpose of disability insurance and how it is funded

Define the purpose of life insurance

Estimate how much life insurance a given family needs

Identify the advantages and disadvantages of different types of life insurance policies

a. whole life
b. term
c. endowment

Explain what a combination life insurance plan is

Identify who is eligible for benefits, the level of benefits and how each is funded for the following systems:

a. Social Security
b. Workers' Compensation
c. Unemployment Compensation

PROTECTION FROM RIP-OFFS

Upon graduation students should be able to:

Explain how to recognize work-at-home schemes

Explain how to recognize get-rich-quick schemes

Identify land sales schemes

Explain the possible hazards of joining a buying club

Identify the possible hazards of freezer meat sales

Explain how to identify transient home repairpeople

Explain the hazards of dealing with transient home repairpeople

Identify the hazards associated with door-to-door sales

Explain what a pyramid scheme is

Identify the warning signs of a swindle

Identify a referral sales scheme

Identify the sympathy approach used in selling

Identify where a person can obtain information regarding a charity

Identify acceptable techniques used in waterproofing basements

Explain the hazards of sales offering a "free gift" or a prize

Identify a pigeon drop scheme

Identify a bank examiner scheme

Identify probable shaky offers in a classified ad section

Identify the cremation-with-casket scheme

Identify the scheme which claims embalming is the law

Identify who to contact when a fraud or swindle is discovered

HEALTH/NUTRITION

Food and Nutrition

Upon graduation students should be able to:

Identify the Basic Four food groups

Demonstrate the number and size of each serving of the Basic Four a person should eat

Demonstrate how to select meals using the Basic Four

Explain how diet affects health

Explain why a person needs to eat foods containing:

a. Vitamin A
b. Vitamin C
c. iron
d. calcium
e. protein
f. thiamin
g. riboflavin
h. niacin
i. fats
j. carbohydrates

Identify foods which contain:

a. Vitamin A
b. Vitamin C
c. iron
d. calcium
e. protein
f. thiamin
g. riboflavin
h. niacin
i. fats
j. carbohydrates

Explain how nutrients are interrelated

Explain how a person's body stores vitamins and nutrients

Identify agencies which provide information about food and nutrition (FDA, Cooperative Extension, etc.)

Explain the hazards of food faddism

Explain the different food needs for various family members:

a. infants
b. young children
c. teenagers
d. pregnant women
e. senior citizens

Explain the relationship between calories and weight

Identify key foods which are high and low in calories

Explain nutritional labeling on products

Explain how technology has affected our choice of food

Explain how technology has affected the nutritional value of food

Demonstrate how to read a label for:

a. weight
b. number of servings
c. ingredients

Explain why certain products are required to have nutritional labels and others aren't

Analyze the layout of a grocery store

Explain why certain products are not required to list ingredients

Explain the psychology of pricing

Compute the cost per serving of a given item

Compute the individual price of an item sold in multiples

Demonstrate how to use food advertisements and coupons for bargains

Analyze why people grow gardens and process food

Explain how to prepare food to conserve nutrients

Identify the function of food additives

Explain the controversy concerning food additives

Explain what sanitary precautions should be taken in the preparation and storage of food

Identify situations when a complaint should be filed with a store or health department

Health

Upon graduation students should be able to:

Identify factors to consider when choosing a health professional (doctor, dentist, etc.)

Identify community health resources and the services they provide

List examples of preventive health (regular checkups, balanced meals, etc.)

Identify common communicable diseases

Evaluate health quackery

Explain how to prevent obesity

Explain the relationship of exercise and recreation to good health

Define generic drug

Explain consumers rights and responsibilities as outlined in Michigan's Generic Drug Substitution Act

Explain the major types of dental diseases and how to prevent them

Identify the need to question all medical costs whether or not the costs are covered by health insurance

Explain the factors affecting the economics of health care in the United States

Explain the role consumer choices play in increasing and decreasing environmental threats to health

HELP FROM THE GOVERNMENT

Upon graduation students should be able to:

Identify the major elements of a legal contract

Describe ways a consumer can avoid problems with a contract

Identify the purpose of small claims court

Explain the procedure for filing a claim in small claims court

Identify the limitations of small claims court

Explain the function of the following state agencies:

a. Michigan Consumers Council
b. Consumer Protection Division of the Attorney General's office
c. Bureau of Automotive Regulation of the Dept. of State
d. Insurance Bureau of the Dept. of Commerce
e. Public Service Commission of the Dept. of Commerce
f. Financial Institutions Bureau of the Dept. of Commerce
g. Dept. of Licensing and Regulation
h. Dept. of Agriculture
i. Dept. of Civil Rights

Explain the advantages and disadvantages of licensing occupations

Analyze the pros and cons of licensing for various existing licensed occupations

Differentiate between licensed, certified and regulated

Identify consumers' rights and responsibilities as outlined in the Federal Trade Commission's rules regarding:

a. mail order merchandise
b. holder-in-due-course
c. advertising

Explain consumers' rights and responsibilities as outlined in Michigan's:

a. Consumer Protection Act
b. Auto Repair Act
c. Odometer Law

Explain consumers' rights and responsibilities under the federal Magnuson/Moss Warranty Act

Describe the function of local building and zoning departments

Describe how consumers can have input in the legislative process

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Explain the purpose of lobbying

Explain the function of local prosecutors

Identify the jurisdictions of the:

a. Federal Trade Commission
b. Food and Drug Administration
c. Consumer Product Safety Commission